

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



Zijin Mining Group Co., Ltd.*

紫金礦業集團股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 2899)

Announcement in relation to Acquisition of 100% Equity Interest in Heilong Mining

1. Overview of the transaction

Zijin Mining Group Co., Ltd.* (the “Company” or the “Transferee”) entered into a share transfer agreement (the “Agreement”) with the 3 shareholders of Heilong Mining Group Company Limited (“Heilong Mining”), namely Beijing Zhongrui Chuangxiang Investment Company Limited, Qinghai West Resources Company Limited and Qinghai West Rare and Precious Metals Company Limited (collectively the “Transferors”), and Hangzhou Nabel Group Company Limited, as the guarantor (the “Guarantor”), on 3 June 2016. The Company will acquire 100% equity interest in Heilong Mining (after detaching certain assets pursuant to the Agreement) held by the Transferors with cash consideration of RMB1.56122 billion (the “Transaction”).

Heilong Mining holds 49% equity interest in Heilongjiang Duobaoshan Copper Company Limited (“Duobaoshan Company”), 100% equity interest in Heilongjiang Tongshan Mining Company Limited (“Tongshan Company”), 100% equity interest in Heilongjiang Baoshan Mining Company Limited (“Baoshan Company”), 100% equity interest in Nenjiang County Survey and Mapping and Mineral Products Company Limited (“Survey and Mapping Company”) and 100% equity interest in Heilongjiang Heilong Resources Investment Company Limited (“Resources Company”) respectively.

Pursuant to the Agreement, Heilong Mining will detach the 100% equity interests it holds in Baoshan Company, Survey and Mapping Company and Resources Company respectively. Heilong Mining’s assets after the detaching will include the headquarters assets of Heilong Mining, 49% equity interest in Duobaoshan Company and 100% equity interest in Tongshan Company, in which the debt interests of Heilong Mining and Tongshan Company before the transfer date of management right will be owned by the Transferors. The Guarantor agreed to undertake joint and several liability in respect of the Transferors’ full performance of the obligations as stipulated in the Agreement for the Transferee.

The Company currently holds 51% equity interest in Duobaoshan Company. After the completion of the Transaction, the Company will hold 100% equity interest in Duobaoshan Company.

In the extraordinary board of directors meeting convened by the Company via telecommunication on 3 June 2016, the Transaction was considered and unanimously approved. The Transaction needs not be submitted to the shareholders' general meeting for consideration.

2. Information of the parties to the Transaction

(1) The Transferors:

1. Beijing Zhongrui Chuangxiang Investment Company Limited

Registered capital: RMB100 million

Legal representative: Luo Zhehong

Business address: Xinggu Economic Development Zone, Pinggu District, Beijing

Beijing Zhongrui Chuangxiang Investment Company Limited is mainly engaged in investment management and assets management businesses. Its total assets and net assets as at the end of 2015 were RMB2.985 billion and RMB664 million respectively, and its realised sales revenue and net profit for the year 2015 were RMB3.19 million and -RMB26.90 million respectively. (the above financial data is audited)

2. Qinghai West Resources Company Limited

Registered capital: RMB200 million

Legal representative: Luo Zhehong

Business address: Ganhetan, Huangzhong County, Xining City, Qinghai Province

Qinghai West Resources Company Limited is mainly engaged in the development of mineral resources (excluding exploration and mining), and processing, sales and trading of mineral products. Its total assets and net assets as at the end of 2015 were RMB4.244 billion and RMB792 million respectively, and its realised sales revenue and net profit for the year 2015 were RMB86.15 million and -RMB84.33 million respectively. (the above financial data is audited)

3. Qinghai West Rare and Precious Metals Company Limited

Registered capital: RMB600 million

Legal representative: Luo Zhehong

Business address: Ganhetan Industrial Zone, Huangzhong County, Xining City

Qinghai West Rare and Precious Metals Company Limited is mainly engaged in the development of mineral resources (excluding exploration and mining), and processing, sales and trading of mineral products. Its total assets and net assets as at the end of 2015 were RMB2.651 billion and RMB1.191 billion

respectively, and its realised sales revenue and net profit for the year 2015 were RMB335 million and -RMB124 million respectively. (the above financial data is audited)

(2) The Transferee: the Company

(3) The Guarantor: Hangzhou Nabel Group Company Limited

Registered capital: US\$21.11 million

Legal representative: Luo Shuigen

Business address: No. 36 Xianlin West Road, Xianlin Town, Yuhang District, Hangzhou City

Hangzhou Nabel Group Company Limited is mainly engaged in the manufacture and sales of ceramics for construction purpose. Its total assets and net assets as at the end of 2015 were RMB5.626 billion and RMB875 million respectively, and its realised sales revenue and net profit for the year 2015 were RMB4.08 billion and RMB6.2197 million respectively. (the above financial data is audited)

To the best of the directors' knowledge, the Transferors, the Guarantor and their beneficial owners are not the connected persons to the Company.

3. Basic information of the target company

(1) Ownership structure

Heilong Mining is a mining company incorporated in Harbin, Heilongjiang. The legal representative is Luo Shuigen, and the company is mainly engaged in geological survey and exploration of minerals, hydrogeological survey, investments in mining businesses, etc. Its registered capital is RMB1 billion, in which Beijing Zhongrui Chuangxiang Investment Company Limited, Qinghai West Resources Company Limited and Qinghai West Rare and Precious Metals Company Limited hold 56.47%, 23.43% and 20.1% of the equity interest in Heilong Mining respectively.

(2) Assets of the target company

The major assets of Heilong Mining include 5 equity investment projects (49% equity interest in Duobaoshan Company, 100% equity interest in Tongshan Company, 100% equity interest in Baoshan Company, 100% equity interest in Survey and Mapping Company and 100% equity interest in Resources Company), real estates (mainly include office building (5,505 sq. metres of construction area), commercial and residential housing (250 sq. meters of area)) and exploration rights. Survey and Mapping Company, Baoshan Company and Resources Company are not included in the current scope of acquisition, and they will be detached from Heilong Mining within 2 months after the Transferors receive the first installment of the consideration for share transfer.

After the completion of the Transaction, the Company will hold 100% equity interest in Duobaoshan

Company, Tongshan Company and Heilong Mining respectively. The major assets of the above 3 companies include the headquarters building of Heilong Mining, 11 exploration rights and 3 mining rights, etc.

(3) Resources reserve

1. Overview of the mining rights

The headquarters of Heilong Mining owns 11 exploration rights, Duobaoshan Company owns 1 mining right, and Tongshan Company owns 2 mining rights (for Tongshan copper mine and Sankuanggou copper mine).

2. Resources reserve

Duobaoshan copper mine: the mineral deposit comprises of No. 1, 2, 3 and 4 ore belts, among which the mining right primarily covers ore belt No. 3. According to the latest assessment results published by the Company's Geological Exploration Institute, as at the end of February 2015, the area within the coverage of the mining right contains copper metal of 1.7839 million tonnes grading 0.44%, and molybdenum associated in other metals of 58,000 tonnes grading 0.014%.

Tongshan copper mine: the mineral deposit comprises of No. I, II, III, IV and V orebodies, among which the area within the coverage of the mining rights (No. I, II) contains copper metal of 329,800 tonnes grading 0.56%, and molybdenum associated in other metals of 8,636 tonnes grading 0.0147%.

(4) Financial positions

1. Heilong Mining (the parent company)

As at 31 December 2015, the total assets, net assets, realised sales revenue and net profit of Heilong Mining (the parent company) were RMB2.024 billion, RMB1.421 billion, RMB2.46 million and -RMB7.77 million respectively (the above data is audited).

As at 31 March 2016, the total assets, net assets, realised sales revenue and net profit of Heilong Mining (the parent company) were RMB2.038 billion, RMB1.434 billion, RMB1.84 million and RMB13.02 million respectively (the above data is unaudited).

2. Duobaoshan Company

As at 31 December 2015, the total assets, net assets, realised sales revenue and net profit of Duobaoshan Company were RMB2.743 billion, RMB1.286 billion, RMB991 million and -RMB1.46 million respectively (the above data is audited).

As at 31 March 2016, the total assets, net assets, realised sales revenue and net profit of Duobaoshan Company were RMB2.772 billion, RMB1.319 billion, RMB315 million and RMB29.55 million

respectively (the above data is unaudited).

The registered capital of Duobaoshan Company is RMB800 million. Duobaoshan Company is mainly engaged in the development of the Duobaoshan copper mine in Heilongjiang. It produced 28,978 tonnes of copper metal in 2015 (including 957 tonnes of copper cathode).

3. Tongshan Company

As at 31 December 2015, the total assets, net assets, realised sales revenue and net profit of Tongshan Company were RMB683 million, RMB622 million, RMB0.7352 million and -RMB5.90 million respectively (the above data is audited).

As at 31 March 2016, the total assets, net assets, realised sales revenue and net profit of Tongshan Company were RMB682 million, RMB619 million, RMB0.2 million and -RMB2.23 million respectively (the above data is unaudited).

Tongshan Company is mainly engaged in the development of mineral resources and processing and sales of mineral products. Its registered capital is RMB650 million.

4. Main content of the Agreement

(1) Transaction target

100% shareholding of Heilong Mining (after detaching 100% equity interests in Baoshan Company, Survey and Mapping Company and Resources Company respectively).

(2) Consideration for share transfer

The consideration for share transfer (the "Consideration") is RMB1.56122 billion, including RMB881,620,934 for the 56.47% shareholding held by Beijing Zhongrui Chuangxiang Investment Company Limited, RMB365,793,846 for the 23.43% shareholding held by Qinghai West Resources Company Limited, and RMB313,805,220 for the 20.1% shareholding held by Qinghai West Rare and Precious Metals Company Limited.

The price of the Transaction was determined after arm's length negotiation between the parties to the Transaction and with reference to Heilong Mining's net assets value, historical financial positions and operating results, and the operation and future prospects of the mines owned by Heilong Mining.

The source of fund for the acquisition is mainly from the Company's internal resources or bank borrowings.

(3) Payment of the Consideration

The Transferee should pay the Consideration to the Transferors under the following method:

The first installment: Both the Transferors and the Transferee confirmed that, as at the signing date of the Agreement, the Transferors have transferred the licences and certificates of Tongshan Company to the Transferee. The Transferee agreed to pay 20% of the Consideration to the Transferors, i.e., RMB312,244,000, before 7 June 2016.

The second installment: The Transferee should, before 22 August 2016 or within 10 business days after the Transferors complete the matters as set out in the Agreement (whichever is later), pay 80% of the Consideration to the Transferors, i.e., RMB1,248,976,000.

Both parties to the Agreement should complete all the matters as set out in the Agreement before 22 August 2016. The Transferee should also endeavour to pay to the Transferors the full amount of the Consideration within the period as stipulated in the Agreement. In the case the Transferee delays payment due to other concerns, the Transferee should at least pay 50% of the second installment of the Consideration upon the date that the payment conditions of the second installment of the Consideration are satisfied. The Transferee should fully settle the remaining 50% of the second installment of the Consideration within 3 months from the date that the payment conditions of the second installment of the Consideration are satisfied. Additionally, interests shall be paid to the Transferors upon the amount which falls due over 3 months, based on bank's one-year lending rate offered for the same duration.

The Transferors should issue legitimate receipts to the Transferee within 10 business days upon each part of the Consideration it receives.

5. Risks of the Transaction

Market risk

Market risk mainly comes from the future price trend of copper. If there is significant fluctuation of copper price in future, the profitability of the project will be more uncertain and may thereby affect the value of the target company.

6. Effects of the Transaction to the Company

The Transaction helps the Company integrate Heilongjiang Duobaoshan copper mine and its surrounding resources, implement the development plan, push forward large-scale development and raise the utilisation rate of the resources. It is beneficial for boosting the Company's reserve of copper resources and it improves the Company's competitiveness and sustainability in the industry. After the Company obtains 100% equity interest in Duobaoshan Company, the production volume and management efficiency can be

improved, and the profitability can be raised. The terms of the Agreement are arrived at based on the principle of fairness and on normal commercial terms, and are in the interest of the Company and its shareholders as a whole.

General information

Duobaoshan Company is an insignificant subsidiary of the Company. As Heilong Mining holds 49% equity interest in Duobaoshan Company while the Transferors hold 100% equity interest in Heilong Mining, the Transferors are substantial shareholders of an insignificant subsidiary of the Company, and therefore notwithstanding the Transferors' equity interest in Duobaoshan Company, the Transferors and their ultimate beneficial owners are not regarded as connected persons to the Company pursuant to Rule 14A.09 of the Listing Rules, and the Transaction does not constitute a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As all of the applicable percentage ratios in relation to the Transaction (as set out in the Listing Rules) are less than 5%, the Transaction does not constitute a notifiable transaction of the Company pursuant to Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

This announcement is written in both Chinese and English. In the case of any discrepancies, the Chinese version shall prevail over its English version.

Investors and shareholders are advised by the board of directors to exercise caution when dealing in the shares of the Company.

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Wang Jianhua, Qiu Xiaohua, Lan Fusheng, Zou Laichang, Fang Qixue and Lin Hongfu as executive directors, Mister. Li Jian as non-executive director, and Messrs. Lu Shihua, Ding Shida, Qiu Guanzhou, and Sit Hoi Wah, Kenneth as independent non-executive directors.

By Order of the Board of Directors
Zijin Mining Group Co., Ltd.*
Chen Jinghe
Chairman

6 June 2016, Fujian, the PRC

** The Company's English name is for identification purpose only*